

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF) CASE NO. 2008-00330
EAST KENTUCKY UTILITIES, INC.)

ORDER

On March 11, 2005, in Case No. 2005-00032,¹ the Commission approved rates for East Kentucky Utilities, Inc. ("East Kentucky") and provided for their further adjustment on an as-needed basis in accordance with East Kentucky's gas cost adjustment ("GCA") clause. On August 15, 2005, Kentucky Frontier Gas, LLC assumed operation of the system.

On August 11, 2008, East Kentucky filed its proposed GCA to be effective September 1, 2008.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. East Kentucky's notice includes revised rates designed to pass on to its customers its expected change in gas costs.
2. East Kentucky's notice sets out an expected gas cost ("EGC") of \$9.4642 per Mcf, which is an increase of \$1.5507 per Mcf from its previous EGC of \$7.9135.
3. East Kentucky's notice sets out no refund adjustment.

¹ Case No. 2005-00032, Application of East Kentucky Utilities, Inc. for Approval of the Proposed Increase in Rates.

4. East Kentucky's notice sets a current quarter actual adjustment ("AA") of \$.3496 per Mcf. East Kentucky's total AA is \$.3496 per Mcf, which is \$2.2874 per Mcf more than the previous total AA.

5. East Kentucky's notice sets out no current quarter balance adjustment ("BA"). East Kentucky's total BA is 0 cents per Mcf, which is no change from the previous total BA.

6. East Kentucky's GCA is \$9.8138 per Mcf, which is \$3.8381 per Mcf more than the previous rate of \$5.9757.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by East Kentucky on and after September 1, 2008.

IT IS THEREFORE ORDERED that:

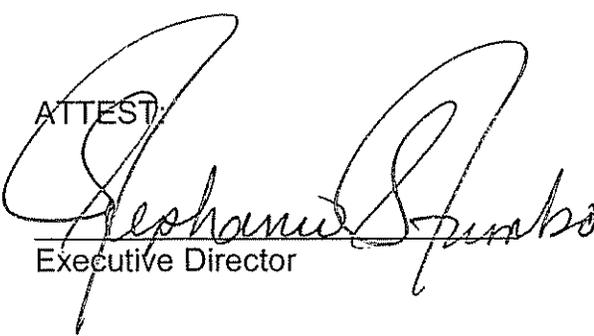
1. The rates in the Appendix to this Order are approved for service rendered on and after September 1, 2008.

2. Within 20 days of the date of this Order, East Kentucky shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 28th day of August, 2008.

By the Commission

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00330 DATED AUGUST 28, 2008

The following rates and charges are prescribed for the customers served by East Kentucky Utilities, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First Mcf	\$10.00	\$9.8138	\$19.8138
All Mcf	\$5.2553	\$9.8138	\$15.0691